

Message Text

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PAGE 01 STATE 127078

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C O N F I D E N T I A L STATE 127078

FOLLOWING SENT SECSTATE WASHDC INFO AMMAN CAIRO
JIDDA DAMASCUS FROM BEIRUT DATED JUNE 14, 1974 REPEATED TO YOU

QUOTE

C O N F I D E N T I A L BEIRUT 6728

FOR SECRETARY'S PARTY FOR ATHERTON

E.O. 11652: GDS

TAGS: EAID, SREF, UNRWA, XF, EG, IS, JD, LE, EY

SUBJECT: UNRWA FINANCES

REF: STATE 126800

1. WE DISCUSSED POSSIBLE EMERGENCY CONTRIBUTION WITH
UNRWA COMMISSIONER GENERAL RENNIE JUNE 14. RENNIE MOST
GRATEFUL DEPT'S EFFORTS BUT FOR SEVERAL REASONS BELIEVES
ESTABLISHMENT SPEICAL FUND UNDER SUCH CIRCUMSTANCES COULD
NOT BE ACCEPTED. HE WONDERED WHAT PAST UNRWA PRACTICE
CONCERNING ESTABLISHMENT SPECIAL FUND DEPT HAD IN MIND
IN FIRST SENTENCE PARA B REFTEL AND WOULD APPRECIATE
DEPT'S COMMENTS.

2. RENNIES'S PROBLEM IS BASICALLY THAT OCTOBER WAR DID
NOT ADD SUBSTANTIALY TO UNRWA'S COST AND HE HAS SO
CONFIDENTIAL

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PAGE 02 STATE 127078

STATED PUBLICLY. UNRWA'S PRESENT DESPERATE FINANCIAL

POSITION WOULD BE THE SAME WHETHER OCTOBER WAR TOOK PLACE OR NOT. ANY FUND WHICH UNRWA ESTABLISHED WOULD BE ACCORDNG UN REGULATIONS SUBJECT TO EXTERNAL AUDIT. CONSEQUENTLY, ACCORDING SIR JOHN, EXTREMELY DIFFICULT TO ESTABLISH SPEICAL FUND BASED ON "MEETING EMERGENCY RESULTING FROM OCTOBER WAR AND ITS AFTERMATH." FOR SAME REASON, IT WOULD BE ALMOST IMPOSSIBLE TO ALLOCATE FUNDS TO MEET EXPENDITURES RELATED TO OCTOBER WAR OR ITS AFTERMATH AS SUCH EXPENDITURES BE DIFFICULT IDENTIFY. SECONDLY, DIFFICULT FOR UNRWA ESTABLISH SPECIAL FUND EXCEPT FOR SPECIFIC PURPOSE SUCH AS SCHOLARSHIP FUND, ETC. AND THEY HAVE NO SUCH REQUIREMENT FOR \$4 MILLION WHICH THEY NEED FOR GENERAL EXPENDITURES.

3. WE HAD LONG CONVERSATION WITH COMMISSIONER, HIS DEPUTY AND CONTROLLER. THEY FULLY UNDERSTAND LEGISLATIVE PROBLEMS WHICH DEPT FACES IN FINDING FUNDS AT THIS TIME. AFTER LONG DISCUSSION IN WHICH EFFORT MADE TO FIND SOME FORMULA WITH WHICH THEY COULD LIVE, SIR JOHN RELUCTANTLY CONCLUDED ESTABLISHMENT OF SUCH A FUND NOT PRACTICABLE RESPONSE THEIR NEEDS.

4. THEY OF COURSE DESPERATELY WANT ADDITIONAL FUNDS AND WONDER IF THERE IS ANY BROADER FRAMEWORK ON THE BASIS OF WHICH FUNDS COULD BE ALOCATED TO THEM. FOR EXAMPLE, WOULD LEGISLATIVE REQUIREMENTS BE MADE IF THEY SIMPLY CERTIFIED TO USE OF FUNDS UNDER SOME BROAD FRAMEWORK SUCH AS FOLLOWS:"THESE FUNDS ARE MADE AVAILABLE TO UNRWA ON UNDERSTANDING THAT THEY WILL BE SPECIFICALLY EARMARKED TO MEET CONSEQUENCES ARISING FROM THE OCTOBER WAR. ONE OF THE PRINCIPAL CONSEQUENCES OF THAT WAR WAS THE EXACERBATION OF TENSIONS IN THE MIDDLE EAST. THUS THE CRITERION ESTABLISHED FOR THE USE OF THE SPECIAL CONTRIBUTION WOULD BE SATISFIED IF UNRWA USED THE FUNDS TO MAINTAIN ITS SERVICES TO PALESTINIAN REFUGEES IN THE FORM OF RATIONS, EDUCATIONAL OR HEALTH CARE. MAINTENANCE OF SUCH SERVICES WOULD CONTRIBUTE TO THE REDUCTION OF TENSIONS IN THE AREA." SUCH FORMULA WOULD INVOLVE CERTIFICATION AND NOT ESTABLISHMENT OF FUND. WE POINTED OUT LANGUAGE OF CABLE WAS SPECIFIC AS TO THE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 127078

LEGISLATIVE REQUIREMENT FOR USE OF FUNDS, BUT AGREED QUERY DEPT RE SUCH FORMULA OR OTHER POSSIBLE FORMULAE. SEPTTEL OUTLINES PROJECTION UNRWA'S FINANCIAL REQUIREMENT FY 75 AND 76.

5. SIR JOHN CONFIRMED THAT HE DID NOT INTEND TO CUT RATIONS AT LEAST BEFORE AUGUST 1. HE EXPLAINED THAT IN HIS LETTER TO HOST GOVERNMENTS HE HAD SIMPLY USED CUTTING

RATIONS AS AN ILLUSTRATION OF TYPE OF ACTION WHICH WOULD BE NECESSARY UNLESS FUNDS OR FIRM COMMITMENT FOR ADDITIONAL FUNDS OBTAINED SOON. HE ALSO MENTIONED THAT HE HAD BEEN UNDER PRESSURE NOT TO CUT RATIONS FOR THE MOMENT, NOT ONLY BY HOST GOVERNMENTS BUT ALSO BY UN SECRETARY GENERAL.

6. WOULD APPRECIATE ANY INFORMATION DEPT CAN GIVE US AS TO WHAT, IF ANY, LATITUDE DEPT HAS IN MEETING LEGISLATIVE REQUIREMENTS FOR USE OF POSSIBLE SPECIAL CONTRIBUION TO UNRWA. WE WILL THEN PURSUE MATTER FURTHER WITH UNRWA. GODLEY UNQUOTE SISCO

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